

INFORMATION REPORT INFORMATION REPORT

CENTRAL INTELLIGENCE AGENCY

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COUNTRY USSR/East Germany/Communist Bloc

REPORT

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Developments [REDACTED]

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3. GDR

A number of recent reports clearly indicate that apprehensions about the consequences of the present sharp course are spreading among top SED functionaries. **serious** difficulties are beginning to make themselves felt in the supply of the population and in the medical services. School and university work is suffering from the flight of numerous teachers and professors. Cases of sabotage are being reported from factories. Although court procedure has been started against about 6,000 persons charged with an attempt of illegally leaving the GDR and about 10,000 persons indicted as accessories to the former offenders, the GDR regime has not succeeded in stopping the stream of refugees which now increasingly includes also SED members. Moreover, the large-scale but very plump press propaganda initiated by Pankow only served to stiffen the opposition of the people. This undesired effect is also reflected in the positive reaction of the GDR people to the cool and matter-of-fact statements made by Professor Haemel to the West German press.

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There are some indications that Pankow will slightly softpedal, for the time being at least, the further socialization of bourgeois enterprises and of the school system. At the same time, the regime is going to try to find scapegoats for all its previous failures. It appears that the position of a number of leading functionaries again in danger, and mention is made in this connection above all of Hager, Ginnus, Lange, Steidle and Reichelt.

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Soviet criticism of domestic developments in the GDR is sharpening. This applies above all to the forced speed used by Ulbricht in the building of socialism. In this connection the surprising appearance of a Soviet party delegation in East Berlin is considered by Pankow as a measure of control and therefore viewed with mixed feelings. According to another report, Moscow fears that the West is going to take the problem of the GDR refugees before UN.

A Soviet initiative was at the back of the recent step taken by Pankow in the direction of a peace treaty for Germany. Moscow reportedly considers this action as "red herring", but at the same time this maneuver was designed to steel a march upon Bonn which was expected to take a similar step. After his return from his leave on 8 September, Ulbricht is being faced by a much more difficult situation than it existed at the time of the SED Conference. It remains to be seen, if his tactical skill will suffice to guarantee his position also in future.

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4. Satellites and Yugoslavia

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b. Czechoslovakia

The accelerated "building of Socialism" carried on after the 11th Conference of the Czech Communist Party in June 1958 has led to violent disputes between the Prague Party Headquarters on the one side, and the leading secretaries of Party Kreis organizations. These secretaries in conjunction with many trade union functionaries have doggedly opposed a reform of the entire wage system scheduled to go into effect on 1 January 1959, because this reform would not bring about an improvement in the living standards of the working population. Additional differences of opinion result from the demanded reduction of personnel within the economic administration of the country. Down to the Kreis level, the Central Party Headquarters in Prague is trying to decree the personnel reshuffle along purely Party viewpoints and not on the basis of the technical qualifications of the personnel involved. Novotny will probably be obliged to bring about a compromise between those elements at the top of the Party apparatus who desire greater centralization in order to increase their power, and those party functionaries who want to preserve a maximum of regional independence and who, in defense of their claims, are gradually merging into an opposition faction.

c. Rumania

The Politburo of the Rumanian Communists recently concerned itself with the increasing number of economic offenses and the growing strength of allegedly counter-revolutionary tendencies. [] 25X1
the withdrawal of Soviet troops from Rumania had encouraged anti-State elements and [] the spirit of defeatism was spreading all over the 25X1
country. The Politburo appealed to the proletarian sense of duty on the side of public prosecutors and court chairmen and asked for severer court sentences. By eliminating some Party district secretaries accused of belonging to anti-State circles the Party leadership showed that each Party purge must be considered as a phase in a continuous process in spite of all protestations to the contrary.

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d. Bulgaria

In Bulgaria too, the Central Committee of the Communist Party initiated measures designed to correct grave abuses in the management of the national economy. A few weeks after the Bulgarian Party Conference at which it was proudly stated that Bulgaria had almost achieved full socialism in the field of production, Khrushchev reportedly rejected additional financial aid desired by the Bulgars for the raising of their living standards for the reason that a state of complete muddle was prevailing in the Bulgarian economy. A commission of Soviet experts who, at the request of Sofia, inspected some Bulgarian industrial enterprises, made a devastating comment on the management of the Bulgarian economy. According to another report, Czechoslovakia has again tried to recruit Bulgarian workers for Czech coal mines. The consistent Bulgarian refusal to furnish additional labour is motivated with the inadequate payment and housing of the Bulgarian workers in Czechoslovakia. The Czechs hope, however, that they will succeed, with the help of Soviet pressure, in obtaining the Bulgarian workers desired. There is therefore some reason in seeing some connection between the refusal to grant new financial aid to Bulgaria and the demands of the Czechs of additional Bulgarian labour.

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